Distinguished Members of the Committee,

Thank you for the opportunity today to discuss the future of fuel economy standards. My name is General James Conway, and I served as the 34th Commandant of the United States Marine Corps, retiring in 2010 after 40 years of service. It is an honor to offer this testimony and I do so as co-chairman of the Energy Security Leadership Council for Securing America’s Future Energy (SAFE), which I co-Chair with Fred Smith, Founder, Chairman and CEO of FedEx. SAFE is an organization committed to reducing the United States’ dependence on oil for the acute national security and economic vulnerabilities it creates for this country.

While the context today is a discussion of the EPA’s rule for emissions reduction, the rule will have complementary benefits of reducing U.S. oil dependence which is critical to improving our economic and national security especially in the current unstable geopolitical environment when our men and woman are called upon to serve around the world. This policy is among our greatest weapons to combat America’s oil reliance, and your review of the Mid-Term Evaluation represents a generational opportunity.

As you know, our nation’s fuel economy regulations were first adopted in response to the 1973 oil embargo, an event which laid bare the vulnerabilities we face with such a dominant reliance on oil for our transportation system. SAFE continues to advocate for increased domestic production, greater fuel efficiency so we generate more GDP per barrel of oil, and diverse fuel sources in transportation so consumers and businesses have choice.

Oil is the lifeblood of our transportation sector and in turn the underwriter of the entire U.S. economy. Oil is also a globally traded commodity, with prices affected by events in oil-producing and consuming countries around the world. The key consequence is that changes in oil supply or demand anywhere affect prices everywhere. Moreover, the global oil market is subject to unpredictable—and often anti-free market—behavior from oil-producing countries, most notably national oil companies and members of OPEC. Approximately three-quarters of the world’s proven oil reserves are held by government-owned national oil companies whose investment and production decisions are far removed from the free market and are often leveraged to the determinant of the United States.

Fuel economy regulations are a preemptive strike against this collusion and market-distorting behavior. In fact, current regulations, will eliminate 12 billion barrels of oil imports between 2015 and 2040 according to EPA’s calculations. We must not lose sight of the strategic advantage that these rules create for the United States—we have sent $1.6 trillion in the form of oil revenues to OPEC member states in the last 10 years alone. OPEC and other petrostates use these revenues to fund military spending, maintain autocratic rule, and fund other initiatives that don’t align with American interests and values.
My comments here reflect the thinking that I am my colleague, General David D. McKiernan, expressed in our Detroit News oped from March of this year. In that article we urged the administration to follow five principles to strengthen and modernize fuel economy and emission standards:

1. **Recommit to a unified national program.** It is in everyone’s interest to have agreement between EPA, NHTSA and the states. That collaboration led to consensus regulations in 2012 but even then there were differences between all the programs that still must be harmonized.

2. **If necessary, provide relief to the auto industry in the 2022-2025 timeframe but do so with two important guideposts: 1) make any relief commensurate with the need and 2) relief in the short term should be only be given in the context of more ambitious targets out to 2030 and 2035.** The point of a mid-term evaluation is to assess progress and make necessary course corrections. So if the industry needs legitimate relief, the parties should discuss that. But doing so in the context of extending the overall program would provide stringency to meet environmental and energy security goals while providing longer-term regulatory certainty that benefits the automotive industry and the country.

3. **Modernize standards to incorporate new technologies,** such as autonomous and semi-autonomous vehicles, and business models such as ridesharing. Moving towards regulating the entire mobility system over individual vehicles could increase reductions in oil demand while reducing regulatory burdens on companies.

4. **Institute five-year reviews into the new program** to ensure that regulations keep pace with current technologies, fuel prices, and market dynamics. Because we advocate setting long term fuel economy targets out to 2035, these periodic reviews will be critical—and must be trusted by industry.

5. **In terms of specific recommendations to the rule making process, we recommend three things:**
   
   - extend the credit multiplier for advance-fuel vehicles so fuel diversity is built into the next round of regulations
   - create a research agenda to examine the ways autonomous vehicles and ridesharing can accelerate improvements in fuel economy and
   - build in on-ramps for these technologies and business models once their value has been proven.

Overall, we on the Energy Security Leadership Council and at SAFE believe the national program is working as it was intended and should continue to serve as an effective tool in reducing our nation’s exposure to oil market manipulation and maximizing this great nation’s energy dominance. We are even more excited that we stand on the cusp of a technology revolution when it comes to vehicles, fuels, and mobility writ large that offers the chance to end oil dependence in a way that will no longer constrain our foreign and military policy or threaten
our economic independence and growth. This is a good news story. I commend you on the progress that has been made so far. We stand ready to be supportive however we can. I thank you for the chance to offer this testimony.